



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

December 3, 2004

The Honorable Tom Horne
Superintendent of Public Instruction
Arizona Department of Education
Executive Officer
Arizona State Board of Education
1535 West Jefferson Street
Phoenix, AZ 85007

Subject: Piñon Unified School District No. 4

Dear Mr. Horne:

We issued a compliance review report on July 12, 2004, informing Piñon Unified School District No. 4 that it had not complied with the *Uniform System of Financial Records* (USFR) because of significant deficiencies in the District's internal controls noted in its audit reports and USFR Compliance Questionnaire for the year ended June 30, 2002. In addition, the District did not submit its audit reports and USFR Compliance Questionnaire for the year ended June 30, 2003. The District was given 90 days to implement the recommendations in our report.

We subsequently contacted the District on November 2, 2004, to discuss the status of its implementation. The District told us that it had made some progress, but had not yet implemented many of the recommendations provided for correcting the cited deficiencies. Based on the District's representations, we have determined the District still has not complied with the USFR as of that date.

In addition, as of the date of this letter, the District still had not contracted for an audit for the year ended June 30, 2003. Consequently, the District is also in noncompliance with the USFR and with state and federal law for not submitting its Single Audit Reporting Package for fiscal year 2003.

Based on the circumstances described above, we request that the Arizona State Board of Education take appropriate action as prescribed by Arizona Revised Statutes §15-272.

The Honorable Tom Horne

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If you have questions concerning this matter, please call Magdalene Haggerty, Accounting Services Director, or me at (602) 553-0333.

Sincerely,

Debra K. Davenport
Auditor General

DKD/MH/gr

cc: Governing Board

Mr. Frank White, Interim Superintendent

Mr. Joseph Mora, Business Manager

Piñon Unified School District No. 4

The Honorable Alicia Brown, Navajo County School Superintendent

Ms. Christy Farley, Executive Director

Arizona State Board of Education

Ms. Vicki G. Salazar, Associate Superintendent of Financial Services

Arizona Department of Education